

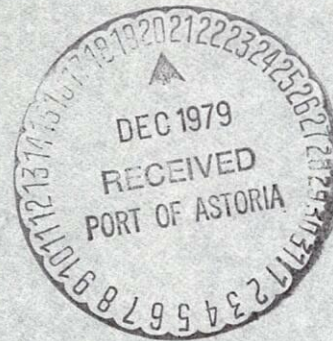


C. CLAUSEN
STEAMSHIP COMPANY LTD.

September 28, 1979

2020 K STREET, N.W.
WASHINGTON, D.C. 20006
PHONE: (202) 223-3600
TELEX 89-468 (JOELEX WSH)
CABLE ADDRESS "JOELEX"

Mr. Rick Woodard
U.S. Navigation (Pacific) Inc.
200 S. W. Market Street
Suite 2430
Portland, Oregon 97201



Dear Mr. Woodard:

I am happy to tell you about a recent LANDMARK development.

We now have a new and better CCC export program for breeding animals, titled: CCC INTERMEDIATE EXPORT CREDIT PROGRAM FOR BREEDING ANIMALS (GSM 201). The General Sales Manager's office (OGSM) of USDA, Washington, D. C. 20250, announced on 23 August 1979 that the regulations (GSM 201) had been published in the Federal Register and were now ready for the implementation of Title I of Public Law 95-501. This law was signed by the President on 21 October 1978. It provides financing for the fob animal costs plus freight to the overseas destination for periods in excess of three years but not more than ten years.

It has taken almost three years to bring about this Landmark decision - with Mr. Robert H. Rumler of Holstein-Friesian Association of America (HFAA) taking the lead on behalf of U.S. breed associations, assisted by Dr. Ford M. Milam, HFAA, Washington, D. C. representative. In order to take advantage of this monumental financing opportunity we must now move rapidly in submitting requests for sales registrations - under GSM 201 - to OGSM. Don't let all the legal descriptions and detail language throw you for a loss. It is not that difficult. The first eleven pages are describing public comments and do not concern the Final Regulations that begin on page 12 - GSM 201.

A. Your first move is to get a commitment from a foreign buyer to purchase U.S. breeding animals.

B. Your second - and most important move - will be the submission of the sale to OGSM, requesting registration for financing under GSM 201.

- (1) Turn to page 19 GSM 201, attached, Section 1491.4. Supply all the information asked for under paragraph (e) 1 through 11. I have put some notes on your copy to assist you in presenting the needed information.

C. Now if you have sold:

- (1) Beef breeding animals turn to Supplement I on page 30 GSM 201, move on to page 32 GSM 201 under B, Additional Information for Sale Registration. Supply the information requested under B 1 and 2.

C. CLAUSEN

STEAMSHIP COMPANY LTD.

- (2) Dairy breeding animals, turn to Supplement II on page 44 GSM 201 and move on to page 46 GSM 201 under B, Additional Information for Sale Registration and give the information requested under B 1 and 2.
- (3) Swine breeding animals, turn to Supplement III on page 60 GSM 201 and move on to page 62 GSM 201 under B, Additional Information for Sale Registration and give the information asked for under B 1, 2 and 3.

You are now ready to submit your request for a sale registration to OGSM. Don't worry about all the other details at this time. You can do nothing further until you receive OGSM notification as to whether your sale registration request has been accepted or rejected.

D. Let us assume your request for a sale registration was accepted:

- (1) Turn to page 21 GSM 201 DOCUMENTS REQUIRED FOR FINANCING.

Your first document needed will be Evidence of Export, Sec. 1491.9 on page 24 GSM 201. I think this is self-explanatory.

- (2) Now turn to page 21 GSM 201, Section 1491.8: Documents Required After Delivery. Submit all the requested documents for (b) thru (e). Additional information after delivery is required for Beef Animals, see page 33 GSM 201, (C); Dairy see page 46 GSM 201 (C); Swine see page 62 GSM 201 (C).
- (3) You have 45 days after date of delivery of the animals to get the documentation to the Treasurer or Assistant Treasurer of CCC.

It is my hope that all of you - out there on the "firing line" - will take maximum advantage of this new LANDMARK financing.

This information is being sent to you with the compliments of the C. Clausen Steamship Company, and if I can be of assistance in arranging for ocean transportation of the breeding animals to the foreign countries, please call on me.

With kindest personal regards.

Sincerely,

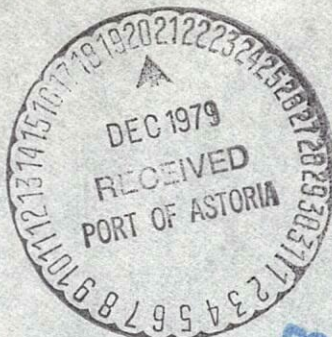
C. CLAUSEN STEAMSHIP COMPANY, LTD.

Claude E. Dobbins
North American Manager

Enclosures:



C. CLAUSEN
STEAMSHIP COMPANY LTD.



SUITE 435
2020 K STREET, N.W.
WASHINGTON, D.C. 20006
PHONE: (202) 223-3600
TELEX 89-468 (JOELEX WSH)
CABLE ADDRESS "JOELEX"

September 28, 1979

PORTLAND OREGON

OCT 1 1979

Mr. Rick Woodard
U.S. Navigation (Pacific) Inc.
200 S. W. Market Street
Suite 2430
Portland, Oregon 97201

Dear Mr. Woodard:

Attached is a marked copy of the final CCC Intermediate Credit Regulations published in the Federal Register, August 23, 1979 for breeding animals (GSM 201).

I have sent an identical marked copy of GSM 201 to over 200 U.S. breeding animal exporters; breed associations and shipping companies, with a letter of explanation - copy enclosed. This was done to try and stimulate a wide and immediate use of this monumental new CCC credit facility. It would be most helpful if your office brought this new and improved credit program to the attention of the importers of breeding animals within your country. You realize that OGSM needs your recommendations and requests for the establishment of CCC lines of credit under GSM 201.

If I can be of any further help to you, please let me know.

Best wishes to you and your staff.

Sincerely,

Claude E. Dobbins

Claude E. Dobbins
North American Manager

Enclosure:

TITLE 7 - Agriculture

CHAPTER XIV - COMMODITY CREDIT CORPORATION, DEPARTMENT OF
AGRICULTURE

SUBCHAPTER C - EXPORT PROGRAMS

PART 1491 - Intermediate Credit Export Sales Program for Breeding
Animals

Subpart - Financing Export Sales of Breeding Animals (GSM-201)

AGENCY: Commodity Credit Corporation, Department of Agriculture

ACTION: Final Rule

SUMMARY: This rule sets forth the terms and conditions of Commodity Credit Corporation (CCC) Intermediate Credit Export Sales Program (GSM-201) to finance export sales of breeding animals, including the cost of freight, from the United States to importing countries.

The rule authorizes CCC to enter into financing agreements with U.S. exporters of breeding animals who sell on credit terms for periods in excess of three years but not more than ten years. More specifically, CCC will purchase the U.S. exporter's account receivable, after the breeding animals have been delivered and an irrevocable letter of credit has been established in favor of CCC by the foreign buyer, for the export value of the animals to be financed.

The rule is intended to develop, expand or maintain the importing country as a foreign market, on a long term basis, for the commercial sale and export of U.S. agricultural commodities

without displacing normal U.S. commercial sales or to improve the capability of the importing nation to purchase and use, on a long-term basis, U.S. agricultural commodities.

EFFECTIVE DATE: (Date of Publication in F.R.)

FOR FURTHER INFORMATION CONTACT: L.T. McElvain, Commercial Export Programs, Office of the General Sales Manager, U.S. Department of Agriculture, 14th Street and Independence Avenue, S.W., Washington, D.C. 20250, telephone (202) 447-3224.

SUPPLEMENTARY INFORMATION: On April 4, 1979, there was published in the Federal Register (44 F.R. 20164), and corrected on April 17, 1979 (44 F.R. 22746), a notice of proposed rulemaking setting forth the proposed Intermediate Credit Export Sales Program regulations for breeding animals. Written comments were received from 16 commentators. A general discussion of these comments follow:

GENERAL COMMENTS

1. Eight commentators raised no objections to the proposal and recognized the proposal as an important instrument in facilitating the export of breeding animals. One of these commentators represented six purebred dairy cattle associations and 17 beef cattle breed registry organizations.

2. Two commentators suggested that financing in excess of three years could have the effect of encouraging credit competition since the proposed credit terms would exceed those called for by the Berne Union Sector Agreement On Breeding Cattle.

CCC is aware that the Berne Union Sector Agreement obligates adherents not to extend credit terms in excess of three years. Since neither CCC nor the Department of Agriculture is a party to the Berne Union Sector Agreement, neither has a legal obligation to follow its terms. It is the opinion of CCC that intermediate credit can be used to effectively develop and expand foreign markets on a long-term basis for U.S. agricultural commodities without encouraging credit competition.

3. One commentator implied that the proposal would permit the cattle credit terms to be applied to all animals even though conditions would not warrant extension of such credit terms to other animals.

The proposal is not intended to provide all animals with the same credit terms. Before granting any extension of credit under the proposal, careful consideration would be given to the type of animal to be financed and the country of destination in order to determine if financing will help facilitate the exporta-

tion of such breeding animals. However, since the credit terms could vary depending on the circumstances that might be involved, it would not be practical to include in the rule the specific credit terms that would apply to each type of breeding animal to be financed.

4. Three commentators recommended that specifications and criteria for exporting horses be included as a supplement to the proposal. The proposed rule now includes supplements for beef breeding cattle, dairy breeding cattle, and breeding swine. The commentators' suggestion is now under review by the Department.

5. One commentator suggested that freight cost should not be financed under the program since such cost can represent a disproportionate amount of the total contract value. Further, this commentator suggested that if freight is financed, such financing should be limited to not more than 20 percent of the total contract price.

Freight can represent a large part of the total contract price in the export sale of breeding animals. For this very reason, CCC feels that the financing of freight will help expand U.S. exports of cattle and thereby strengthen markets for other agricultural commodities abroad. CCC further believes that the

financing of freight should not be limited to 20 percent of the freight cost but that CCC should be allowed to make a determination on a case by case basis as to the amount of freight to finance depending on the circumstances of each case.

6. One commentator suggested that the proposed definition of "eligible exporter" or "exporter" included only commodity brokers or agents and did not apply to registered cattle breeders.

It was not clear as to why this commentator felt that registered cattle breeders could not qualify as eligible exporters. In any event, the proposed definition is not intended to exclude registered cattle breeders as exporters under the program.

7. One commentator stated that the definition of "export value" expressly prevented consideration of transportation costs. It is the opinion of CCC that the proposed definition of "export value" does provide that CCC may finance freight and this point is made explicitly clear in the revision of § 1491.2(k) of the final rule.

SPECIFIC COMMENTS APPLICABLE TO SUPPLEMENT I

8. One commentator suggested that the maximum port value to be considered for financing reflect the prevailing purebred domestic cattle market, even to the extent of a specific breed.

The reason the maximum port value to be considered for financing was not published in the proposed rule was because CCC recognized that breeding cattle markets were subject to change. It was thought, therefore, that reasonable port values could be established on the basis of current market values of the animals which would be set forth in USDA announcements. CCC feels this can be accomplished without applying separate port values according to specific beef breeds.

9. One commentator recommended that the beef breed "Charbray" and another commentator recommended that the beef breed "Beefalo" be added to the list of eligible registered breeds under Supplement I to the proposed rule.

CCC has accepted these comments since both breeds have registry associations in the United States. Accordingly, Exhibits I and II to Supplement I have been amended to include the beef breeds "Charbray" and "Beefalo".

10. One comment was received urging that the minimum conformation requirements be dropped from the proposal for beef breeding cattle and not equated to feeder cattle standards since the appearance and condition of the animals should be acceptable to the purchaser and suited for his needs.

This suggestion was not accepted since the official USDA feeder cattle standards conformation is determined by appraising the development of the muscular system in relation to the development of the skeletal system. Breeding cattle do vary in this respect and it is an important factor affecting the ultimate yield of lean meat in a beef carcass. Also, most performance testing programs, where conformation is evaluated, are based on the official United States Standards for Grades of Feeder Cattle. For these reasons, CCC feels that minimum conformation requirements should be included in Supplement I for beef breeding cattle.

11. One comment was received suggesting the minimum performance standards contained in the proposal were too low and such standards should be based upon recommendations from the Beef Improvement Federation.

CCC acknowledges that the minimum performance requirements are low for large frame, late maturing breeds of cattle. However, its inclusion in export specifications apprises buyers of the fact that performance records are available on breeding cattle in the U.S. and, therefore, allows them to purchase cattle with superior performance if desired. Also, as indicated in Supplement I, higher port values may be allowed for cattle if performance has exceeded

the performance records specified in Exhibits I and II. Finally, the Beef Improvement Federation has not established minimum performance standards. In view of the foregoing, CCC does not feel that a change in the minimum performance standards is warranted at this time.

SPECIFIC COMMENTS APPLICABLE TO SUPPLEMENT III

12. It was suggested that identification numbers not be required for each parent and grandparent of nonpurebred swine in order for the animal to be exported since some crossbreeding programs are identified by pedigree lineage and not individual animal ancestry.

This suggestion was not accepted by CCC since other non-purebred breeders have indicated they can meet the proposed requirements. CCC also feels that since the purpose of the program is to export a breeding type animal that can be used to build herds in the importing country, an animal should not be exported as breeding swine unless the litter in which the pig was born, as well as the dam and sire, are identified. To accomplish this objective, CCC feels it would be important to identify the individual animal ancestry of the animal to be exported.

13. It was suggested that the provisions covering non-purebred animals should be changed since such animals are not necessarily owned by the exporter at the time the animal is born or bred because some breeding programs conducted by the swine industry utilize contractual arrangements giving the exporter control and rights to such animal but not necessarily ownership.

CCC has concluded that this suggestion should be accepted since this type of breeding program is considered a legitimate practice within the non-purebred swine industry. Therefore, the definition of "Breeder" in paragraph A 3 of Supplement III, has been changed to read as follows: "Breeder means the person holding legal title to the registered or nonpurebred female animal or having contractual rights to a non-purebred female at the time she was bred to qualify such animal hereunder as a bred female." Also, paragraph A 5(a) of Supplement III has been changed to read as follows: "The exporter must have been the producer of the animal or had contractual rights to the animal; or the parents or grandparents of the animal must have been owned by the exporter at the time the animal was born."

14. Finally, it was suggested that requirements of minimum age, weight, and litter size of non-purebred animals should be left to the discretion of the breeder and the foreign customer and, therefore, should be deleted from the Supplement.

CCC disagrees with this comment since it is important that an animal has been weaned and is able to withstand the stresses of shipment and a new environment. However, CCC does feel that the minimum age and weight requirement as proposed could be lowered for unbred females and boar pigs. Accordingly, the minimum age requirement for an unbred female under Option B of Exhibit I to Supplement III has been changed from "10 weeks to 7 months" to "8 weeks to 8 months" for unbred females and the minimum age for boar pigs under Option B of Exhibit II has been changed from "10-16 weeks" to "8-16 weeks". The minimum weights under footnotes 4 and 7 for female and boar pigs respectively, have been reduced from 60 pounds to 40 pounds. With respect to the litter size as required by paragraph C of Exhibits I and II of Supplement III, CCC feels that an eligible female or boar, whether registered or non-purebred, should be from a minimum litter size of at least seven

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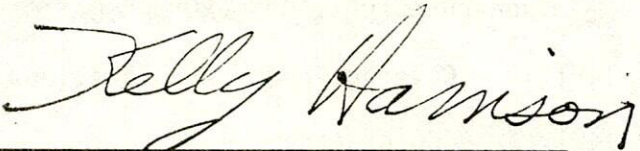
pigs. This is not a difficult requirement to meet and should be maintained to assure productive and sound breeding animals to be sold abroad.

Accordingly, 7 CFR, Chapter XIV, Commodity Credit Corporation, Subchapter C - Export Programs, is amended by adding a new part 1491 -CCC Intermediate Credit Export Program for Breeding Animals - as set forth below.

It is hereby certified that the economic and inflationary impacts of this regulation have been carefully evaluated in accordance with Executive Order 11821.

NOTE - This final rule has been reviewed under the USDA criteria established to implement Executive Order 12044, "Improving Government Regulations," and has been classified "significant." An approved Final Impact Statement is available from L.T. McElvain, Commercial Export Programs, Office of the General Sales Manager, U.S. Department of Agriculture, 14th Street and Independence Avenue, S.W., Washington, D.C. 20250, telephone (202) 447-3224.

Issued at Washington, D.C. this 8-13 day of 1979



Vice President, Commodity
Credit Corporation
AND
General Sales Manager,
Office of the General Sales Manager

12-GSM 201

PART 1491 - CCC INTERMEDIATE CREDIT EXPORT SALES PROGRAM FOR
BREEDING ANIMALS

Subpart - Financing Export Sales of Breeding Animals Under CCC (GSM-201)

GENERAL

Sec.

1491.1 General statement.

1491.2 Definition of terms.

FINANCING EXPORT SALES

1491.3 General.

1491.4 Submission of requests for sale registrations.

1491.5 Acceptance of sale registrations.

1491.6 Amendments to financing agreements.

1491.7 Expiration of period(s) for delivery.

DOCUMENTS REQUIRED FOR FINANCING

1491.8 Documents required after delivery.

1491.9 Evidence of export.

ENTRY INTO COUNTRY OF DESTINATION

1491.10 Failure to enter.

1491.11 Liquidated damages.

BANK OBLIGATIONS AND PAYMENT

1491.12 Coverage of bank obligations.

1491.13 CCC drafts.

1491.14 Interest charges.

1491.15 Advance payment.

1491.16 Liability for payment.

*Mass Imports
to Spain*

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MISCELLANEOUS PROVISIONS

- 1491.17 Assignment.
- 1491.18 Covenant against contingent fees.
- 1491.19 Officials not to benefit.
- 1491.20 Exporters records and accounts.
- 1491.21 Communications.

Supplement I - Beef Breeding Cattle
Supplement II - Dairy Breeding Cattle
Supplement III - Breeding Swine

Page 30 GSM 201
" 44 " "
" 60 " "

AUTHORITY: Sec. 4(b), 80 Stat. 1537, as added by Sec. 101, 92 Stat.
1685 (7 U.S.C. 1707a(b); Sec. 5(f), 62 Stat. 1070, as amended (15 U.S.C.
714c)

Subpart A - Financing of Export Sales of Breeding Animals (GSM-201)

GENERAL

§ 1491.1 General statement.

(a) This subpart contains the regulations governing the Commodity Credit Corporation's Intermediate Credit Program for financing the export sales of breeding animals (GSM-201).

(b) The financing period shall be in excess of three years but not more than ten years.

(c) Subject to the terms and conditions set forth in this Subpart A, CCC will purchase for cash the exporter's account receivable arising from the export sale, after delivery of the breeding animals.

(d) GSM-201 will be administered by the Office of the General Sales Manager, U.S. Department of Agriculture.

(e) The provisions of Public Law 83-664 (Cargo Preference Act) are not applicable to shipments of breeding animals financed under GSM-201.

(f) CCC may require an initial payment from the foreign importer prior to delivery of the breeding animals.

(g) Payment to CCC shall be in dollars with interest equal, as nearly as practicable, to the rate charged by CCC for financing under CCC's short-term Export Credit Sales Program.

§ 1491.2 Definition of terms.

As used in this Subpart A and in the forms and documents related thereto, the following terms shall have the meanings assigned to them in this section:

(a) "Account receivable" means the contractual obligation of the

foreign importer to the exporter for the export value of the breeding animals delivered for which the exporter is extending credit to the importer. The account receivable shall be evidenced by documents, in form and substance satisfactory to CCC, establishing the contractual obligation between the exporter and the foreign importer. The account receivable shall provide for (1) payment of principal and interest in U.S. dollars in the United States, (2) interest in accordance with § 1491.14 and (3) acceleration of payment thereunder in accordance with these regulations.

(b) "Agency or branch bank" means an agency or branch of a foreign bank, supervised by New York State banking authorities or the banking authorities of any other State providing similar supervision, and approved by the Controller, CCC.

(c) "Assistant Sales Manager" means the Assistant Sales Manager, Commercial Export Programs, Office of the General Sales Manager, U.S.D.A., or his designee.

(d) "Bank obligation" means an obligation, in accordance with § 1491.12, and acceptable to CCC, of a U.S. bank, a branch bank, or a foreign bank, to pay to CCC in U.S. dollars the amount of the account receivable, plus interest in accordance with § 1491.14.

(e) "Breeding animals" means U.S. breeding animals, including, but not limited to, cattle, swine, sheep, and poultry.

(f) "CCC" means the Commodity Credit Corporation, U.S. Department of Agriculture.

(g) "Date of delivery" means the onboard date of an ocean bill of lading, or the date of an airway bill, or if exported by rail or truck,

the date of entry shown on an authenticated landing certificate or similar document issued by an official of the government of the importing country.

(h) "Date of sale" means the earliest date the exporter has knowledge that a contractual obligation exists with the foreign buyer under which a firm dollar and cent price has been established or a mechanism to establish the price has been agreed upon.

(i) "Eligible destination" means the country which is named in the financing agreement and which meets the licensing requirements of the U.S. Department of Commerce.

(j) "Eligible exporter" or "exporter" means a person (1) who is engaged in the business of buying or selling breeding animals and for this purpose maintains a bona fide business office in the United States, its territories or possessions, and has someone on whom service of judicial process may be had within the United States, (2) who is financially responsible, and (3) who is not suspended or debarred from contracting or participating in any program financed by CCC on the date of issuance of the financing agreement.

(k) "Export value" means the net amount of the exporter's sale price to be financed under the financing agreement basis f.o.b. export carrier U.S. ports, at U.S. border points of exit, or at U.S. airports if shipped by air, less any payments made to the exporter, and less any discounts, credits or allowances by the exporter. Export value may include freight cost. The export value shall not include marine and war risk insurance for c.i.f. sales.

(l) "Financing agreement" means the exporter's request for a sale registration as approved by the Assistant Sales Manager, and the terms and conditions of the regulations in this Subpart in effect on the

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date of approval.

(m) "Financing period" means the number of years and months over which payment is to be made which shall be in excess of three years but not more than ten years. Such period shall start on the date of delivery or the weighted average delivery date of the breeding animals to be exported under the financing agreement and shall expire on the expiration of the bank obligation or the specified period over which payment is to be made, whichever occurs first.

(n) "Foreign bank" means a bank which is not a U.S. bank or agency or branch bank, but includes a foreign branch of a U.S. bank.

(o) "Foreign importer" or "importer" means the buyer who purchases the breeding animals to be exported under a financing agreement.

(p) "Freight cost" means the cost of freight from United States points of export to designated points of entry in the country shown in the financing agreement.

(q) "GSM-201" means the regulations contained in this Subpart A, and supplements thereto, setting forth the terms and conditions governing the CCC Intermediate Credit Export Sales Program For Breeding Animals.

(r) "OGSM" means the Office of the General Sales Manager, U.S. Department of Agriculture.

(s) "Point of export" means the U.S. port, U.S. airport, or U.S. border point where the breeding animals are inspected by the Animal and Plant Health Inspection Service (APHIS), U.S. Department of Agriculture and exported from the United States.

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(t) "Port value" means the net amount of the exporter's sale price of the breeding animals, basis f.o.b. export carrier at U.S. ports, at U.S. border points of exit, or at U.S. airports, if shipped by air.

(u) "Producer" means the person holding legal title to the breeding animal at time of birth and who has had continuous ownership of such animal until sold for export under an approved financing agreement.

(v) "Sale" means a contract to sell on credit breeding animals to be financed under GSM-201.

(w) "United States" means the 50 States, the District of Columbia, and Puerto Rico.

(x) "U.S. bank" means a bank organized under the laws of the United States, a State, or the District of Columbia.

(y) "USDA announcement" means an announcement published by the U.S. Department of Agriculture (USDA).

(z) "Vice President, CCC" means the Vice President who is the General Sales Manager, Office of the General Sales Manager.

FINANCING EXPORT SALES

§ 1491.3 General.

(a) No export sale may be financed under this Subpart unless the Assistant Sales Manager determines that the sale will: develop, expand, or maintain the importing nation as a foreign market, on a long-term basis, for the commercial sale and export of U.S. agricultural commodities without displacing normal U.S. commercial sales or improve the capability of the importing nation to purchase and use, on a long-term basis, U.S. agricultural commodities.

(b) Financing under this Subpart may not be used to encourage credit competition or for the purpose of foreign aid or debt rescheduling.

§ 1491.4 Submission of requests for sale registrations.

(a) An eligible exporter shall submit a request for a sale registration for financing to the office specified in § 1491.21.

(b) Requests for sale registrations shall be in writing. If such a request is made by telephone, it must be confirmed by letter or wire.

(c) The total amount requested to be registered under a sale shall not exceed the export value of the sale.

(d) Requests for sale registration shall incorporate by reference all terms and conditions of GSM-201.

(e) The following information shall be included in the exporter's request for a sale registration:

(1) The name, class, grade, or quality of the breeding animals as required by the applicable supplements to these regulations, and the number of breeding animals to be exported.

(2) The country of destination.

(3) The port value of the breeding animals to be exported.

(4) The freight cost if sale is made c&f or c.i.f. basis.

(5) The export value. *FOB animals plus overseas transport costs.*

(6) The date of sale and exporter's sale number. *(Give your Number)*

(7) The date of delivery or period for delivery.

(8) The financing period. *Ask For 108 months.*

(9) Whether the bank obligation assuring payment of the account receivable will be issued by a U.S. bank, branch bank, or foreign bank. If it will be issued by a foreign bank, its name and address.

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(10) The name and address of the foreign importer.

(11) Any additional information required by the applicable supplements to these regulations and as determined by CCC.

§ 1491.5 Acceptance of sale registrations.

(a) Upon receiving a request for a sale registration complying with the applicable provisions of this Subpart, the Assistant Sales Manager shall determine whether the request for registration of the sale shall be approved. If approved, the exporter will be notified in writing of the financing agreement number which will constitute notice that the sale is registered and eligible for financing.

(b) CCC reserves the right to reject any and all requests for sale registration.

(c) The approved registration of a sale shall create a financing agreement between the exporter and CCC which shall consist of the exporter's request for the sale registration, the approved sale registration, and the applicable terms and conditions of this Subpart, including amendments and supplemental announcements and supplements hereunder, which are in effect on the date of approval of the sale registration.

(d) The financing agreement may contain such terms and conditions not inconsistent with this Subpart, as are deemed necessary in the interest of CCC and shall be subject only to review by the National Advisory Council on International Monetary and Financial Policies.

(e) An exporter shall promptly notify the Assistant Sales Manager when he is unable to fulfill his obligations under any sale registered with CCC.

§ 1491.6 Amendments to financing agreement.

The financing agreement may be amended provided such amendment is in conformity with GSM-201 at the time of amendment and is determined to be in the interest of CCC. Amendments may include extension of the period for delivery and change in the interest rate.

§ 1491.7 Expiration of period(s) for delivery.

(a) Unless delivery by the exporter to the importer is made within such period as may be provided in the financing agreement or any amendment thereof, or under paragraph (b) of this section, the financing agreement will no longer be valid.

(b) If the Assistant Sales Manager determines that delay in delivery was due solely to causes without the fault or negligence of the exporter, the period for delivery may be extended by the Assistant Sales Manager by the period of such delay.

DOCUMENTS REQUIRED FOR FINANCING

§ 1491.8 Documents required after delivery.

(a) CCC will purchase an exporter's account receivable only if the documents specified in paragraphs (b) through (e) of this section and any documentation and certifications required by any supplements to these regulations are received by CCC at the office specified in § 1491.21 (b) within forty-five days, or any extension thereof granted by the Treasurer or Assistant Treasurer, CCC, after date of delivery of the breeding animals.

(b) The exporter shall submit a "Combined Application for Disbursement, Assignment of Account Receivable and Certification" which shall include:

(1) A written application for disbursement, showing with respect to breeding animals delivered (i) the financing agreement number, (ii) the port value to be financed, and (iii) the freight cost if sale is made c&f or c.i.f. basis.

(2) An assignment of the account receivable arising from the export sale, in form and substance acceptable to CCC.

(3) The exporter's certification that (i) he has entered into a contract to sell breeding animals; (ii) the date of sale, the agreed upon price, the class, grade, quality, quantity of the breeding animals, and the payment terms and interest are in accordance with the financing agreement; (iii) he has in his files documents evidencing the export sale contract and the obligation of the importer to him for the financed portion of the export sale and will retain and furnish them to CCC on demand until 3 years after the end of the financing period; (iv) breeding animals of the class, grade, quality, and quantity called for in the exporter's sale as registered with CCC have been delivered to the foreign importer; and (v) he knows of no defenses to the account receivable assigned to CCC.

(c) A copy of the sales invoice to the foreign importer showing (1) the port value of the breeding animals and (2) freight cost if sale is made c&f or c.i.f. basis.

(d) A copy of the document evidencing export provided for in § 1491.9 and, if the consignee is other than the foreign importer named in the financing agreement, such additional information as CCC may request to show that export was made in accordance with the instructions of, or the export sale contract with, the foreign importer.

(e) A bank obligation or bank obligations in accordance with § 1491.12 and paragraph (h) of this section, naming CCC as beneficiary, in form and substance acceptable to CCC, covering the amount of the application for disbursement, citing the financing agreement number, and providing for the payment of interest in accordance with § 1491.14.

(f) On receipt of the documents described in paragraphs (b) through (e) of this section and any documentation and certifications required by any supplements to these regulations, CCC will pay promptly to the exporter the amount of the account receivable or the dollar amount of sales registered in accordance with § 1491.5, whichever is the lesser.

(g) If an acceptable application for disbursement and the supporting documents described in paragraphs (b) through (e) of this section have not been received by CCC within 45 days from the date of the delivery, or any extension thereof granted by the Treasurer or Assistant Treasurer, CCC, the financing agreement shall be void.

(h) If for any reason a draft drawn under a foreign bank obligation is dishonored or if the issuing bank is insolvent, in bankruptcy, in receivership or in liquidation, or has made an assignment for the benefit of creditors, or for any other reason discontinues or suspends payment to depositors or creditors, or otherwise ceases to operate on an unrestricted basis, any balance due on the account receivable assured by the obligation issued by such bank shall, at the option of CCC, become immediately due and payable. CCC may permit the substitution of another acceptable foreign bank obligation covering such balance due if advised in accordance with § 1491.12.

§ 1491.9 Evidence of export.

(a) If the breeding animals are exported by rail or truck, the exporter shall furnish to CCC one copy of the bill of lading covering the breeding animals exported, certified by the exporter as being a true copy, and an authenticated landing certificate or similar document issued by an official of the government of the country to which the breeding animals are exported, showing the quantity, the place and date of entry, and the name and address of both the exporter and the importer.

(b) If the breeding animals are exported by ocean carrier, the exporter shall furnish to CCC one non-negotiable copy or photo copy or other duplicate copy of either (1) an on-board ocean bill of lading or (2) an ocean bill of lading with an onboard endorsement, dated and signed or initialed on behalf of the carrier. The bill of lading must be certified by the exporter as being a true copy and must show the quantity, the date and place of loading of the breeding animals, the name of the vessel, the destination of the breeding animals and the name and address of both the exporter and the importer.

(c) If the breeding animals are exported by aircraft, the exporter shall furnish to CCC one non-negotiable copy of an airway bill, dated and signed or initialed on behalf of the carrier. The airway bill must be certified by the exporter as being a true copy and must show the quantity, date and place of loading of the breeding animals, the name of the airline, the destination of the breeding animals and the name and address of both the exporter and the importer.

(d) If the exporter is unable to supply documentary evidence of export as specified in this section, he shall submit such other documentary

evidence as may be acceptable to CCC.

ENTRY INTO COUNTRY OF DESTINATION

§ 1491.10 Failure to enter.

If the exporter fails to enter or cause the entry of the breeding animals into the country of destination, the financing agreement may be terminated by the Assistant Sales Manager, and if full payment under the bank obligation or account receivable has not yet been received, the bank obligation and the account receivable shall, at the option of CCC, become due and payable and liquidated damages shall be payable in accordance with § 1491.11. The remedy herein provided shall not be exclusive of other rights available to the Federal Government.

§ 1491.11 Liquidated damages.

Failure of the exporter to enter or cause the entry of breeding animals financed under GSM-201 into the country of destination shall constitute a breach of the financing agreement which will result in serious and substantial damage to CCC and to its program. Since it will be difficult, if not impossible, to prove the exact amount of such damage, the exporter shall pay to CCC promptly on demand, as reasonable compensation and not as a penalty, liquidated damages in lieu of probable actual damages for failure to enter or cause the entry of the breeding animals into the country of destination, 5 percent of the amount financed for the breeding animals not entered into the country of the destination. Liquidated damages shall not be assessed if the Assistant Sales Manager determines that failure to enter or cause the entry of the breeding animals into the country of destination was due to loss or injury of the breeding

animals without fault or negligence on the part of the exporter, or due to act of God or government or public enemy.

BANK OBLIGATIONS AND PAYMENT

§ 1491.12 Coverage of bank obligations.

(a) The bank obligation shall be in the form of an irrevocable letter of credit issued by a U.S. bank, a branch bank, or a foreign bank. CCC will not accept any bank obligation issued by an agency bank. If the bank obligation is issued by a foreign bank, the bank obligation must be advised by a U.S. bank, a branch bank, or an agency bank.

(b) The bank obligation shall provide for payment under the terms and conditions of the financing agreement.

(c) Any bank obligation which provides for a bank acceptance of a time draft by CCC (banker's acceptance) shall not be acceptable to CCC.

(d) CCC will consent to cancellation or reduction of a bank obligation to the extent of any payment it receives from other sources of amounts otherwise payable under such bank obligation.

(e) Collection of purchased accounts receivable will be effected through the issuance by CCC of sight drafts against the bank obligations, but this method of collection shall not be exclusive of any other collection procedures or rights available to CCC.

§ 1491.13 CCC drafts.

CCC will draw one draft for each payment due under bank obligations. If the draft is dishonored, the U.S. bank, branch bank, or agency bank shall return the dishonored draft together with its statement of the reason for nonpayment.

§ 1491.14 Interest charges.

The account receivable purchased by CCC and the related bank obligation(s) shall bear interest as specified in this section. Rates of interest applicable to financing agreements shall be set forth in a USDA announcement. The interest rate applicable for an account receivable covered by a bank obligation issued by a U.S. bank or branch bank shall be lower than the interest rate for an account receivable covered by a foreign bank obligation. The interest rate applicable will be the rate in effect on the date CCC receives the sale registration request under § 1491.4. Interest shall accrue on the account receivable from the date of delivery or the weighted average delivery date of the breeding animals delivered under the financing agreement to the date of payment, or to the date of expiration of the financing period, or to the date of expiration of the bank obligation, whichever occurs first, and shall be payable as specified in the financing agreement. Thereafter, interest shall accrue on any unpaid part of both the principal and interest due as of such expiration date.

§ 1491.15 Advance payment.

If, before expiration of the financing period, the exporter or the U.S. bank or the agency or branch bank accepts payment from or on behalf of the foreign importer of any part of the account receivable, it shall be remitted promptly to CCC. Such prepayment shall be applied first to interest on the unpaid balance of the account receivable to the date CCC receives such prepayment and then to the principal.

§ 1491.16 Liability for payment.

If the exporter has fulfilled all his obligations under the sales contract within the coverage of the bank obligation(s) submitted in

accordance with § 1491.8, CCC will look to the obligating bank or banks and the foreign importer, rather than to the exporter for payment of all amounts due at maturity of the account receivable and of the bank obligation(s) but the exporter shall remain liable for any loss arising from breach of any contractual obligation, certification or warranty made by it pursuant to the financing agreement, any amounts not covered by the bank obligation which are owing to CCC, and any remittance or refund required by § 1491.15 and § 1491.18, together with interest thereon at the rate specified in the documents evidencing the account receivable, as well as for any liquidated damages provided for in § 1491.11. The liability of the bank and the importer under their respective obligations shall be several.

MISCELLANEOUS PROVISIONS

§ 1491.17 Assignment.

The exporter shall not assign any claim or rights or any amounts payable under the financing agreement, in whole or in part, without written approval of the Vice President, CCC, or the Controller, CCC.

§ 1491.18 Covenant against contingent fees.

The exporter warrants that no person or selling agency has been employed or retained to solicit or secure the financing agreement on an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the exporter for the purpose of securing business. For breach or violation of this warranty, CCC shall have the right, without limitation on any other rights it may

have, to cancel the financing agreement without liability to CCC. Should the financing agreement be cancelled, CCC will promptly consent to the reduction or cancellation of related bank obligations except for amounts outstanding under such financing agreement. Such amounts shall, on demand, be refunded to CCC by the exporter.

§ 1491.19 Officials not to benefit.

No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of the financing agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to the financing agreement if made with a corporation for its general benefit.

§ 1491.20 Exporter's records and accounts.

CCC shall have access to and the right to examine any directly pertinent books, documents, papers and records of the exporter involving transactions related to the financed export credit sale until the expiration of three years after the end of the financing period.

§ 1491.21 Communications.

(a) Unless otherwise provided, written requests, notifications, or communications by the applicant pertaining to the financing agreement shall be addressed to the Assistant Sales Manager, Commercial Export Programs, Office of the General Sales Manager, U.S. Department of Agriculture, Washington, D.C. 20250.

(b) Forward documents for financing to:
United States Department of Agriculture, Commodity Credit Corporation,
P.O. Box 2415, Washington, D.C. 20013.

NOTE: The recordkeeping and reporting requirements contained herein have been approved by the Office of Management and Budget in accordance with the Federal Reports Act of 1942.

Supplement I - Beef Breeding Cattle

Section

A. Additional definitions.
B. Additional information for sale registrations. C. Additional documents required after delivery. D. Miscellaneous (identification, quality, certification). E. Dual purpose breeds (standards applicable).

Exhibit I - Females (general breed and health requirements).
Exhibit II - Bulls (general breed and health requirements).

Appendix I - Performance Testing.
Appendix II - Specification for Official U.S. Standards for Grades.

F. Footnotes to Supplement I

A. ADDITIONAL DEFINITIONS

1. "Port value" of beef breeding cattle to be exported under the financing agreement, shall not exceed, unless otherwise approved by the Assistant Sales Manager, the amounts as specified by OGSM which are set forth in a USDA announcement and are in effect at the time of the sale registration. Higher port values may be allowed (a) for registered bulls if performance has been superior to the performance records specified in Exhibit II to this supplement and

(b) for registered and nonregistered females if performance has been superior to the performance records specified in Exhibit I to this supplement.

2. "Bred female" means either a bred heifer or bred cow as set forth in Exhibit I, Option B, which has been certified to as pregnant at the time of inspection.

3. "Breeder" means the person holding legal title to the female animal at the time she was bred to qualify such animal hereunder as a bred female.

4. "Eligible animal" means an animal which meets all the following requirements:

(a) The animal must be the progeny of a nationally recognized beef cattle breed (Exhibits I and II);

(b) The animal must have been owned by a person who had continuous title to such animal for a period of at least 90 days immediately before acquisition by the exporter, unless the exporter is the producer of the animal.

(c) The animal must, at the time of export, be individually identified by an eartag, a legible ear tattoo, or a firebrand and ranch holding brand acceptable to USDA testing authority as an authentic identification symbol for such animal. The term "identification number" as used herein shall also include ear tattoo and

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firebrand and ranch holding brand symbol.

(d) The animal must qualify under the specifications of Exhibit I for females or Exhibit II for bulls.

5. "Registered animal" means an eligible animal which the appropriate national breed association has officially registered or otherwise classified as a purebred animal of that breed. Such animal must be marked with a legible tattoo or brand which corresponds with the number shown in the certificate of registration or other official document issued by the appropriate national breed association.

6. "Nonregistered animal" means an eligible animal, whether or not purebred, which is predominately of the color characteristics and body conformation of the beef breed stated in the contract between the exporter and the importer. (See Exhibits I and II.)

7. "Dual Purpose Breeds" means milking shorthorns or red polls.

 B. ADDITIONAL INFORMATION FOR SALE REGISTRATIONS

In addition to the information required by Section 1491.4

(e) (1) through (11), the request for a sale registration for financing export credit sales of beef breeding cattle shall include the following:

1. A general description by breed of the animals to be exported, separately describing the animals under the following classes:

- (a) Registered bulls;
- (b) Registered bred females;
- (b) Registered unbred females;
- (d) Nonregistered bred females; and
- (e) Nonregistered unbred females.

2. A statement that such animals will conform to the general specification requirements set forth in Exhibits I or II, as applicable to the class of animals to be exported.

C. ADDITIONAL DOCUMENTS REQUIRED AFTER DELIVERY

In addition to the documents specified in Section 1491.8(b) through (e), the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation:

1. Separate animal identification lists for registered animals and for nonregistered animals, containing the following information:

- (a) Identification number;
- (b) For each registered animal, shown separately opposite the identification number, the port value and freight cost as specified in the sales invoice;
- (c) For nonregistered animals, shown for each lot group by identification number, the average port value and freight cost per animal based on the sales invoice for such nonregistered animals.

2. Performance records for animals for which a higher maximum port value has been approved by the Assistant Sales Manager for Commercial Export Programs as provided in paragraph A.1.

3. A certification by the exporter that the documents specified in paragraph D. of this Supplement have been furnished to the importer.

D. MISCELLANEOUS

The following documents or certifications, as applicable, shall be furnished to the importer by the exporter:

1. The certificates issued by an agent of the Agricultural Marketing Service (AMS), U.S. Department of Agriculture, as to official registration of the animal(s) and listing the identification number(s) and corresponding registration certificate number(s) for each registered animal showing that such numbers have been verified as legible and accurate for such animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer. (See Exhibit I or II.)

2. A certification by the breeder of females sold as "bred females" showing the identification numbers and stating that the service bull was a registered bull of the same beef cattle breed as the female to which bred. (See Exhibit I.)

3. The certificate issued or endorsed by Veterinary Services, Animal and Plant Health Inspection Service, listing the identification number(s) and showing that such animal has been inspected for compliance with "Health" requirements. (See Exhibit I or II.)

4. The certificates issued by the Agricultural Marketing Service listing the identification number(s) for each animal showing for such animal compliance with breed, age, weight, and conformation grade, for the class, as shown in Exhibit I or II, as applicable.

5. Certificates issued by a veterinarian accredited by the Animal and Plant Health Inspection Service, showing that bred females, sold as such, were examined and found to be with calf at time of inspection.

6. A semen certification by a veterinarian accredited by the Animal and Plant Health Inspection Service, for bulls over one year of age, except that for Santa Gertrudis and Brahman cattle the certification shall be for bulls over 18 months of age.

E. DUAL PURPOSE BREEDS

When dual purpose breeds are eligible for financing under the provisions of both Supplement I and Supplement II to GSM-201, the exporter has the option of qualifying such animals under the provisions of either supplement. Such option must be stated in the request for a sale registration filed pursuant to § 1491.4 of this Subpart and in accordance with paragraph B of this Supplement I. In the event such dual purpose breeds are approved for export hereunder, the provisions of this Supplement I shall apply.

EXHIBIT I TO SUPPLEMENT I

USDA Approved Beef Breeding Cattle Export Specifications - Females,

Option A (to be specified by purchaser):

1. Registered. ^{1/}

BREED

- a. Angus.
- b. Hereford.
- c. Polled Hereford.
- d. Charolais.
- e. Santa Gertrudis.
- f. Shorthorn.
- g. Polled Shorthorn.
- h. Brahman.
- i. Milking Shorthorn. ^{2/}
- j. Red Poll. ^{2/}
- k. Brangus
- l. Maine - Anjou
- m. Chianina
- n. Limousin
- o. Red Angus
- p. Murray Grey
- q. Scotch Highland
- r. Simmental

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- s. Beefmaster
- t. Devon
- u. Beefalo
- v. Charbray
- w. Other beef cattle breeds having a registry Association in the U.S.

2. Nonregistered. ^{3/} Specify predominant breed from above.

OPTION B (to be specified by purchaser):

AGE ^{4/}

- 1. Calf - (7 to 12 months).
- 2. Yearling Open - (12 to 18 months).
- 3. Heifer Open - (18 to 24 months).
- 4. Bred Heifer - (18 to 36 months).
- 5. Bred Cow - (24 to 48 months).
- 6. Mature Cow - (24 to 48 months). ^{5/}

General Requirements:

A. Health ^{6/}

- 1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.
- 2. Tested negative for brucellosis within 30 days of loading aboard export carrier, or is an official vaccinate under 30 months of age.
- 3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.

4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.

5. Animals have been inspected, and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.

B. Minimum Weight. ^{7/}

1. Calf - (7 to 12 months), 400 pounds.
2. Yearling Open - (12 to 18 months), 500 pounds.
3. Heifer Open - (18 to 24 months), 600 pounds.
4. Bred Heifer - (18 to 24 months), 700 pounds;
(24 to 36 months), 800 pounds.
5. Bred Cow - (24 to 36 months), 800 pounds;
(36 to 48 months), 950 pounds.
6. Mature Cow - (24 to 36 months), 800 pounds;
(36 to 48 months), 950 pounds. ^{5/}

C. Minimum Conformation: Choice. ^{7/}

All nonregistered females must be dehorned or naturally polled unless otherwise specified in the request for a sale registration. Horn stubs in excess of one inch will not be acceptable on dehorned cattle.

D. Performance Records. ^{8/} (Optional, unless specified.) (See attached Appendix I to Exhibits I and II.)

1. Minimum adjusted daily gain to weaning 1.6 pounds/day.
2. Minimum adjusted daily gain to weaning of offspring 1.6 pounds/day (if appropriate).

E. Statement of Service or Other Requirement.

1. Bred females must have been bred to a registered bull of the same breed and the calf from a registered bred female must be eligible for registration. ^{9/}

2. Bred females must be at least two months but no more than six months pregnant at time of inspection when being shipped by vessel. If shipped by air, bred females must be at least two months pregnant but may be up to eight months pregnant with veterinarian approval. ^{10/}

3. Mature cows not qualifying as "bred cows", to be eligible for financing hereunder, must be lactating and have their offspring not in excess of approximately five months of age at side at time of inspection by AMS. Such calves, though not eligible for financing, may be supplied along with the parent cow if facilities for their care and safe transportation to destination point are adequate.

EXHIBIT II TO SUPPLEMENT I

USDA Approved Beef Breeding Cattle Export Specifications - Bulls,

Option A (to be specified by purchaser):

BREED ^{1/}

1. Angus.
2. Hereford.
3. Polled Hereford.
4. Charolais.
5. Santa Gertrudis.
6. Shorthorn.

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7. Polled Shorthorn.
8. Brahman.
9. Milking Shorthorn.^{2/}
10. Red Poll.^{2/}
11. Brangus
12. Maine-Anjou
13. Chianina
14. Limousin
15. Red Angus
16. Murray Grey
17. Scotch Highland
18. Simmental
19. Beefmaster
20. Devon
21. Beefalo
22. Charbray
23. Other beef cattle breeds having a registry Association in the U.S.

Option B (to be specified by purchaser):

AGE^{4/}

1. Bull Calf - (7 to 12 months).
2. Yearling Bull - (12 to 18 months).
3. Bull - (18 to 24 months).
4. Mature Bull - (24 to 48 months).

General Requirements:

A. Health^{6/}

1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.

2. Tested negative for brucellosis within 30 days of loading aboard export carrier.

3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.

4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.

5. Animals have been inspected, and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks, and ringworm or freed from the same.

B. Minimum Weight.^{7/}

1. 7 to 12 months, 470 pounds.

2. 12 to 18 months, 790 pounds.

3. 18 to 24 months, 1100 pounds.

4. Over 24 months, 1350 pounds.

C. Minimum Conformation: Prime.^{7/}

D. Performance Records,^{8/} (optional, unless specified). (See attached Appendix I to Exhibits I and II.)

1. Minimum adjusted daily gain to weaning, 1.9 pounds per day.

E. A semen check indicating at least 60 percent sperm motility must be supplied for bulls over one year of age,^{11/} except that for Santa Gertrudis and Brahman cattle the certification shall be for bulls over 18 months of age.

APPENDIX I TO EXHIBITS I AND II -
PERFORMANCE TESTING

Performance testing is known by several names in the United States, but practically all organizations evaluate similar characteristics in beef cattle. The principal factors used in evaluating performance are growth rate and conformation, but not necessarily both. Animals which are tested are weighed at birth and again at weaning. The weaning weight is adjusted to an equivalent of 205 days of age and is also adjusted depending on the age of the dam. This is done to make weights of calves from first-calf heifers comparable to weights of calves from older cows.

The adjusted daily gain from birth to weaning is indicative not only of inherited gaining ability but also of the milking ability of the dam.

APPENDIX II TO EXHIBITS I AND II - SPECIFICATIONS FOR OFFICIAL UNITED
STATES STANDARDS FOR GRADES OF FEEDER CATTLE 12/

PRIME

Cattle which possess typical minimum qualifications for the Prime grade are very thickly muscled throughout. They are wide through the chest with well sprung ribs and are moderately wide and thick through the crops, back and loin. The rounds tend to be thick and the twist is moderately deep.

CHOICE

Cattle which possess typical minimum qualifications for the Choice grade are thickly muscled throughout. They are moderately wide through the chest with a moderate spring of ribs and are slightly wide and thick through the crops, back and loin. The rounds are slightly thick and the twist is slightly deep.

F. FOOTNOTES TO SUPPLEMENT I

- 1/ Animals must be officially registered with the appropriate national breed association and be so certified by AMS agent.
- 2/ Dual purpose breeds (see paragraph E, Supplement I).
- 3/ Nonregistered animals will be certified for breed by the AMS agent.
- 4/ Certification by AMS agent.
- 5/ See paragraph E3 of Exhibit I
- 6/ Certification or endorsement furnished by Veterinary Services, Animal and Plant Health Inspection Service, USDA.
- 7/ Certification furnished by Livestock, Poultry, Grain and Seed Division, AMS, USDA. Conformation grade to be based on the muscling requirements of the official USDA Feeder Cattle Standards. (See Appendix II attached.)
- 8/ Official State records or National Breed Association records, or Performance Registry International records.
- 9/ Must be certified to by the breeder of the female at time of sale to exporter.
- 10/ Certification of pregnancy shall be issued by an accredited veterinarian.
- 11/ Certification must be issued by an accredited veterinarian.
- 12/ Adapted from Service and Regulatory Announcement AMS 183, issued March 1965. A copy of this publication and charts picturing the grades of feeder cattle may be obtained upon request from the Livestock, Poultry, Grain and Seed Division, AMS, USDA, Washington, D.C. 20250.

SUPPLEMENT II - DAIRY BREEDING CATTLE

Section

- A. Additional definitions.
- B. Additional information for sale registrations.
- C. Additional documents required after delivery.
- D. Miscellaneous (identification, quality, certification).
- E. Dual purpose breeds (standards applicable).

Exhibit I - Females (general breed and health requirements).
Appendix to Exhibit I.

Exhibit II - Bulls (general breed and health requirements).
Appendix to Exhibit II.

F. Footnotes to Supplement II

A. ADDITIONAL DEFINITIONS

1. "Port value" of dairy breeding cattle to be exported under the financing agreement, shall not exceed, unless otherwise approved by the Assistant Sales Manager, the amount as specified by OGSM which is published in a USDA announcement and is in effect at the time of the sale registration. Higher port values may be allowed (a) for registered bulls if such animal has a superior performance index as set out in paragraph D.2 of Exhibit II to this supplement and (b) for registered and nonregistered females if such animal has a superior performance index as set out in paragraph D.3 of Exhibit I to this supplement.

2. "Bred female" means either a bred heifer or bred cow as set forth in Exhibit I, Option B, which has been certified to as pregnant at the time of inspection.

3. "Breeder" means the person holding legal title to the female animal at the time she was bred to qualify such animal hereunder as a bred female.

4. "Eligible animal" means an animal which meets all the following requirements:

(a) The animal must be the progeny of a nationally recognized dairy cattle breed (Exhibits I and II);

(b) The animal must have been owned by a person who had continuous title to such animal for a period of at least 90 days immediately before acquisition by the exporter, unless the exporter is the producer of the animal;

(c) The animal must, at the time of export, be individually identified by an eartag, a legible ear tattoo, or a firebrand and ranch holding brand symbol acceptable to USDA testing authority as an authentic identification symbol for such animal. The term "identification number(s)" as used herein shall also include ear tattoo and firebrand and ranch holding brand symbol.

(d) The animal must qualify under the specifications of Exhibit I for females or Exhibit II for bulls.

5. "Registered animal" means an eligible animal which the appropriate national breed association has officially registered or otherwise classified as a purebred animal of that breed. Such animal must be marked with a legible tattoo or brand which corresponds with the number shown in the certificate of registration or other official document issued by the appropriate national breed association.

6. "Nonregistered animal" means an eligible animal, whether or not purebred, which is predominately of the color characteristics and body conformation of the dairy breed stated in the contract between the exporter and the importer. (See Exhibits I and II.)

7. "Dual purpose breeds" means, for dairy breeding cattle, milking shorthorns, or red polls.

 B. ADDITIONAL INFORMATION FOR SALE REGISTRATIONS

In addition to the information required by Section 1491.4 (d) (1) through (11), the request for a sale registration for financing export credit sales of dairy breeding cattle shall include the following:

① A general description by breed of the animals to be exported, separately describing the animals under the following classes:

- (a) Registered bulls;
- (b) Registered bred females;
- (c) Registered unbred females;
- (d) Nonregistered bred females; and
- (e) Nonregistered unbred females.

② A statement that such animals will conform to the general specification requirements set forth in Exhibits I or II, as applicable to the class of animals to be exported.

 C. ADDITIONAL DOCUMENTS REQUIRED AFTER DELIVERY

In addition to the documents specified in Section 1491.8 (b) through (e), the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation:

① Separate identification lists for each group of animals described in paragraphs A.1. (a), (b), (c), (d), and (e) of this supplement, containing the following information:

- (a) Identification number;
- (b) For each registered animal or nonregistered mature cow with a

Superior performance index, shown separately opposite the identification number, the port value and freight cost as specified in the sales invoice;

(c) For nonregistered females other than mature cows with a Superior performance index, shown for each lot group by identification list, the average port value and freight cost per animal based on the sales invoice for such nonregistered animals.

2. Production Performance Index records as follows:

(a) For registered bulls the applicable Acceptable or Superior performance index records of Sire and Dam as described in paragraph D.1. or D.2. of Exhibit II;

(b) For registered females if applicable, the Superior performance index records of Sire and Dam as described in paragraph D.2. of Exhibit I;

(c) For registered or nonregistered mature cows if applicable, the Superior performance index records of Sire and Dam as described in paragraph D.3. of Exhibit I.

3. A certification by the exporter that the documents specified in paragraph D. of this Supplement have been furnished to the importer.

 D. MISCELLANEOUS

The following documents or certifications, as applicable, shall be furnished to the importer by the exporter.

1. The certificates issued by an agent of the Agricultural Marketing Service, U.S. Department of Agriculture, as to official registration of the animal(s) and listing the identification number(s) and corresponding registration certificate number(s) for each registered animal showing that such numbers have been verified as legible and accurate for such

animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer. (See Exhibit I or II.)

2. A certification by the breeder of females sold as "bred females" showing the identification number and stating that the service bull was a registered bull of the same dairy cattle breed as the female to which bred. (See Exhibit I.)

3. The certificates issued or endorsed by Veterinary Service, Animal and Plant Health Inspection Service, listing the identification number(s) and showing that such animal has been inspected for compliance with "Health" requirements. (See Exhibit I or II.)

4. The certificates issued by the Agricultural Marketing Service listing the identification number(s) for each animal showing for such animal compliance with breed, age, weight, and conformation specifications, for the class, as shown in Exhibit I or II, as applicable.

5. Certificates issued by a veterinarian accredited by the Animal and Plant Health Inspection Service, showing that bred females, sold as such, were examined and found to be with calf at time of inspection.

6. A semen certification by a veterinarian accredited by the Animal and Plant Health Inspection Service, for bulls over one year of age.

E. DUAL PURPOSE BREEDS

When dual purpose breeds are eligible for financing under the provisions of both Supplement I and Supplement II to GSM-201, as revised, the exporter has the option of qualifying such animals under the provisions of either supplement. Such option must be stated in the request for a

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sale registration filed pursuant to Section 1491.4 of this Subpart and in accordance with paragraph B of this Supplement II. In the event such dual purpose breeds are approved for export hereunder, the provisions of this Supplement II shall apply with the exception that the Assistant Sales Manager is authorized, at the request of the applicant, to establish a minimum weight schedule and DHIR Milk Production Breed Average.

EXHIBIT I TO SUPPLEMENT II

USDA Approved Dairy Cattle Export Specifications - Females, Option A
(to be specified by purchaser)

1. Registered. 1/

BREED

- a. Ayrshire.
- b. Brown Swiss.
- c. Guernsey.
- d. Holstein.
- e. Jersey.
- f. Milking Shorthorn. 2/
- g. Red Poll. 2/

2. Nonregistered. 3/ Specify predominant breed from above.

OPTION B (to be specified by purchaser).

AGE 4/

- 1. Calf - (6 to 12 months)
- 2. Yearling Open - (12 to 18 months)
- 3. Heifer Open - (18 to 30 months)
- 4. Bred Heifer - (18 to 30 months)
- 5. Mature Cow - (24 to 48 months)

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General Requirements:

A. Health^{5/}

1. Tested negative for tuberculosis within 30 days of loading aboard export carrier.
2. Tested negative for brucellosis within 30 days of loading aboard export carrier, or is an official vaccinate under 24 months of age.
3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.
4. Animals come from farms that have not been under State or Federal quarantine for any communicable disease during the past year.
5. Animals have been inspected, and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.
6. Mature cows must be physically examined at time of inspection for the presence of mastitis by manipulating and stripping the udder and found not to have evidence of such infection. The exporter, at his option, may require the person from whom he purchases a mature cow to supply additional evidence of non-mastitis infection as he sees fit.

B. Minimum Weights.^{6/}

1. Registered Animals.

	Age* (in months)	Holstein and Brown Swiss	Guernsey and Ayrshire	Jersey
a.	6	360	295	260
b.	8	470	385	340
c.	10	565	455	410
d.	12	640	525	470
e.	14	710	585	520
f.	16	775	635	555
g.	18	835	685	600
h.	20	900	745	645
i.	22	970	790	695
j.	24	1,015	845	735
k.	26	1,045	870	760
l.	28	1,070	895	780
m.	30	1,090	910	790
n.	36 and over	1,180	990	865

* Minimum weights for ages between the ages shown shall be determined proportionately.

2. Nonregistered Animals.

	Class	Holstein and Brown Swiss	Guernsey and Ayrshire	Jersey
a.	Calf	360	295	260
b.	Yearling Open	640	525	470
c.	Heifer Open	835	685	600
d.	Heifer Bred	835	685	600
e.	Mature Cow	1,015	845	735

C. Minimum Conformation.^{6/}

All animals must meet the minimum body conformation specifications as described in Appendix to this Exhibit I.

D. Production Performance Index.^{7/}

1. Acceptable. An acceptable performance index for Registered or Nonregistered Females will be considered to exist if such animals meet the minimum conformation of Item C above.

2. Superior. A Superior performance index for a Registered Female will be considered to exist if:

(a) Sire has a Plus (+) USDA Predicted Difference^{8/} equal to two percent of DHI breed average as shown in Item E below, or in the event the Sire does not have a summary, his Sire has a predicted difference (+500 pounds)^{8/} and

(b) Dam has a DHI or DHIR record^{9/} equal to 10 percent above the DHI breed average as shown in Item E below.

3. Superior. A Superior performance index for a Registered or Nonregistered Mature Cow will be considered to exist if such animal has a DHI production record^{9/} 15 percent above the DHI breed average as shown in Item E below.

E. DHI Milk Production Breed Average (Mature Equivalent)

The following breed averages are applicable to these specifications.

Breed	Breed average	2 pct of breed average	10 pct of breed average	15 pct of breed average
	(Pounds)	(Pounds)	(Pounds)	(Pounds)
Ayrshire	12,051	241	1,205	1,808
Brown Swiss	13,500	270	1,350	2,025
Guernsey	10,932	219	1,093	1,640
Holstein	16,174	323	1,617	2,426
Jersey	10,426	209	1,042	1,564

F. STATEMENT OF SERVICE

1. Bred females must have been bred to a registered bull of the same breed. 10/

2. Bred females must be at least two months pregnant but no more than six months pregnant at time of inspection when being shipped by vessel. If shipped by air, bred females must be at least two months pregnant but may be up to eight months pregnant with veterinarian approval. 11/

APPENDIX TO EXHIBIT I - MINIMUM BODY
CONFORMATION SPECIFICATION FOR FEMALES

In addition to meeting the minimum weight for the breed as specified in Exhibit I, the animal shall possess femininity, normal breed conformation, quality and body capacity. She shall have the general appearance of thrift and vitality with eyes bright and ears alert. The feet and legs shall be well formed with the legs straight, strong and well set. The mammary system, if sufficiently developed, shall be strongly attached, well balanced and of fine texture. The teats shall be of acceptable size. There shall be no evidence of lameness or other serious body defects. She shall possess normal dairy character by showing a lack of obvious excess fatty condition for the age class. Females officially classified by the respective breed association as "Good Plus" (or equivalent) or higher shall be acceptable if found at time of inspection not to have developed a physical defect in conflict with the above-stated conditions.

EXHIBIT II

USDA Approved Dairy Cattle Export Specifications - Bulls, Option A
(to be specified by purchaser):

BREED 1/

- a. Ayrshire.
- b. Brown Swiss.
- c. Guernsey.
- d. Holstein.
- e. Jersey.
- f. Milking Shorthorn. 2/
- g. Red Poll. 2/

Option B (to be specified by purchaser):

AGE 4/

- a. Calf - (6 to 12 months).
- b. Yearling - (12 to 18 months).
- c. Young Bull - (18 to 24 months).
- d. Mature Bull - (24 to 48 months).

General Requirements:

A. Health. 5/

1. Tested negative for tuberculosis and brucellosis within 30 days of loading aboard export carrier.
2. Animals come from farms that have not been under quarantine for any communicable disease during the past year.

3. Certified that the United States is a country where foot-and-mouth disease has not existed since 1929, contagious bovine pleuropneumonia has not existed since 1892, and rinderpest has never occurred.

4. Animals have been inspected, and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable disease and exposure thereto, and free of mites, ticks and ringworm or freed from the same.

B. Minimum Weight. ^{6/}

Age* (in months)	Holstein and Brown Swiss	Guernsey and Ayrshire	Jersey
a. 6	450	370	315
b. 8	585	480	410
c. 10	710	555	490
d. 12	820	655	565
e. 14	930	755	645
f. 16	1,040	840	745
g. 18	1,155	920	815
h. 21	1,320	1,065	950
i. 24	1,455	1,210	1,050
j. 27	1,570	1,310	1,140
k. 30	1,670	1,395	1,215
l. 36 and over	1,840	1,545	1,350

* Minimum weights for ages between the ages shown shall be determined proportionately.

C. Minimum Conformation. ^{6/}

All animals must meet the minimum body conformation as described in Appendix to Exhibit II.

D. Production Performance Index. ^{7/}

1. Acceptable. An Acceptable performance index for a Registered Bull will be considered to exist if:

- (a) Sire has a Plus (+) USDA Predicted Difference, ^{8/} and
- (b) Dam has a DHI or DHIR record ^{9/} 10 percent above the DHIR

breed average as shown in Item E below.

2. Superior. A Superior performance index for a Registered Bull will be considered to exist if:

- (a) Sire has a Plus (+) USDA Predicted Difference ^{8/} equal to two percent of DHIR breed average as shown in Item E below, and
- (b) Dam has a DHI or DHIR record ^{9/} 20 percent above the DHIR breed average as shown in Item E below.

E. DHIR Milk Production Breed Averages (Mature Equivalent).

The following breed averages are applicable to these specifications:

Breed	Breed average	2 pct of breed average	10 pct of breed average	20 pct of breed average
	(Pounds)	(Pounds)	(Pounds)	(Pounds)
Ayrshire	14,963	299	1,496	2,992
Brown Swiss	14,836	297	1,483	2,967
Guernsey	11,902	238	1,190	2,380
Holstein	16,861	337	1,686	3,372
Jersey	11,215	224	1,121	2,243

F. A semen check indicating at least 60 percent sperm motility must be supplied for bulls over one year of age. ^{12/}

APPENDIX TO EXHIBIT II - MINIMUM BODY
CONFORMATION SPECIFICATIONS FOR BULLS

In addition to meeting the minimum weight for the breed as specified in Exhibit II, the animal shall possess masculinity, normal breed conformation, quality and body capacity. He shall have the general appearance of thrift and vitality with eyes bright and ears alert. The feet and legs shall be well formed with the legs straight, strong, and well set. There shall be no evidence of lameness or other serious body defects. He shall possess normal dairy character by showing a lack of obvious excess fatty condition for the age class. Bulls officially classified by the respective breed association as "Good Plus" (or equivalent) or higher shall be acceptable if found at time of inspection not to have developed a physical defect in conflict with the above-stated conditions.

F. FOOTNOTES TO SUPPLEMENT II

- 1/ Animals must be officially registered with the appropriate national breed association and be so certified by AMS agent.
- 2/ Dual purpose breeds (see paragraph E, Supplement II).
- 3/ Nonregistered animals will be certified for breed by the AMS agent.
- 4/ Certification by AMS agent.
- 5/ Certification or endorsement furnished by Veterinary Services, Animal and Plant Health Inspection Service, USDA.
- 6/ Certification or endorsement furnished by Livestock, Poultry, Grain and Seed Division, AMS, USDA. Conformation specifications to be based on standards as set out in Appendix to Exhibit I or II attached. Weights may be determined by weighing or be estimates using a girth measurement tape.
- 7/ DHI or DHIR milk production records mature equivalent based on 305-day, two times day milking.
- 8/ Source: USDA-DHI Sire Summary Records - Animal and Plant Health Inspection Service.

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- 9/ Source: Breed Association or Dairy Records Processing Center Serving the DHI Association where tested.
- 10/ Must be certified to by the breeder of the female at time of sale to exporter.
- 11/ Certification of pregnancy shall be issued by an accredited veterinarian.
- 12/ Certification must be issued by an accredited veterinarian.

SUPPLEMENT III - BREEDING SWINE

Section

- A. Additional definitions.
- B. Additional information for sale registrations.
- C. Additional documents required after delivery.
- D. Miscellaneous.

Exhibit I - Females.

Exhibit II - Boars.

Appendix I - Health Requirements.

Appendix II - Specifications for Official U.S. Standards for Grades.

F. Footnotes to Supplement III

A. ADDITIONAL DEFINITIONS

1. "Port value" of breeding swine to be exported under the financing agreement, shall not exceed, unless otherwise approved by the Assistant Sales Manager, the amount as specified by OGSM which is published in a USDA announcement and is in effect at the time of the sale registration.

2. "Bred female" means a bred gilt as set forth in Exhibit I, Option B, and must be accompanied by a breeding certificate provided by the breeder.

3. "Breeder" means the person holding legal title to the registered or non-purebred female animal or having contractual rights to a non-purebred female animal at the time she was bred to qualify such animal hereunder as a bred female.

4. "Registered animal" means an eligible animal which the appropriate national breed association has officially registered, declared eligible for registry or otherwise classified as a purebred animal of that breed and meets the following requirements:

(a) The animal must have been owned by a person who had continuous title to such animal for a period of at least 60 days immediately before acquisition by the exporter, unless the exporter is the producer of the animal;

(b) The animal must, at the time of export, have at least one eartag acceptable to USDA as an authentic identifying symbol for such animal and must be marked with a legible ear notch which corresponds with the number shown in the certificate of registration or other official document issued by the appropriate national breed association;

(c) The animal must qualify under the specifications of Exhibit I for females or Exhibit II for boars.

5. "Non-purebred animal" means a hybrid animal or an animal from a new breed produced in herds where the parents and paternal and maternal grandparents are recorded on an appropriate certificate and certified to by the producer. Each such ancestor must have an identification number and the parent or grandparent of the animal to be exported cannot be an animal registered with a national breed association. In addition, a non-purebred animal must meet the following requirements:

(a) The exporter must have been the producer of the animal or had contractual rights to the animal or the parents or grandparents of the animal must have been owned by the exporter at the time the animal was born.

(b) The animal, at time of export, must have at least one ear tag acceptable to USDA as an authentic identifying symbol for such animal and must be marked with legible ear notches which correspond with the

number shown on the official certificate recorded by the producer for such animal.

(c) The animal must qualify under the specifications of Exhibit I for females or Exhibit II for boars.

 B. ADDITIONAL INFORMATION FOR SALE REGISTRATIONS

In addition to the information required by Section 1491.4(d) (1) through (11), the request for a sale registration for financing export credit sales of breeding swine shall include the following:

① A list of the animals to be exported including the identification number, breed, and price under the following classes:

- (a) Boars.
- (b) Bred females.
- (c) Unbred females.

② If applicable, a statement of justification for prices over the maximum limits specified in a USDA announcement.

③ A statement that such animals will conform to the general specification requirements set forth in Exhibit I or II, as applicable to the class of animals to be exported.

 C. ADDITIONAL DOCUMENTS REQUIRED AFTER DELIVERY

In addition to the documents specified in Section 1491.8(b) through (e), the exporter shall submit the following documents to the Treasurer, Commodity Credit Corporation:

An animal identification list containing the following information:

① Identification number.

2. For each animal, shown separately opposite the identification number, the port value and freight cost as specified in the sales invoice.

D. MISCELLANEOUS

The following documents or certifications, as applicable, shall be furnished to the importer by the exporter:

1. For registered animals, the certificates issued by an agent of the Agricultural Marketing Service (AMS), U.S. Department of Agriculture, as to official registration of the animal(s) and listing the identification number(s) and corresponding registration certificate number(s) for each registered animal showing that such numbers have been verified as legible and accurate for such animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer. (See Exhibit I or II).

2. For non-purebred animals, the certificate issued by an agent of AMS, USDA will include the producer's official certification of the animal(s) to be exported, a list of the identification number(s) for each animal showing that such numbers have been verified as legible and accurate for such animal, and that the person holding legal title to the animal at the time of export sale has appropriately executed such certificate for transfer to the party designated by the importer (See Exhibit I or II).

3. For registered animals, a certification by the breeder of females sold as "bred females" showing the identification number of both the female and boar and stating that the service boar was a registered boar

of the same breed. In addition the breeder will certify that the bred female has missed at least one heat period since last service. It will also be certified by the breeder that the bred females will not be more than three months pregnant at time of departure from point of exit.

4. For non-purebred animals, a certification by the breeder of females sold as "bred female" showing the identification numbers of both the female and boar and stating that the service boar was a duly certified boar of a hybrid or new breed group. In addition the breeder will certify that the bred female has missed at least one heat period since last service. It will also be certified by the breeder that the bred females will not be more than three months pregnant at time of departure from point of exit.

5. The certificate issued or endorsed by Veterinary Services, Animal and Plant Health Inspection Service, listing the identification number and showing that such animal has been inspected for compliance with "Health" requirements. (See Appendix I to Exhibits I and II.)

6. For registered animals, the certificates issued by the Agricultural Marketing Service listing the identification number for each animal and showing for such animal compliance with breed registration, number of teats, and USDA grade, for the class, as shown in Exhibit I or II, as applicable.

7. For non-purebred animals, the certificates issued by AMS listing the identification number for each animal and showing for such animal compliance with ancestry specifications, number of teats and USDA grade, for the class, as shown in Exhibit I or II, as applicable.

8. The certificates signed by the breeder listing, for each animal, the individual identification number, breed, and age and a statement that the animal was from a litter of at least seven pigs.

EXHIBIT I TO SUPPLEMENT III

USDA Approved Breeding Swine Export Specifications - Females, Option A
(to be specified by purchaser):

1. Registered Females 1/

BREED

- a. Poland China.
- b. Chester White.
- c. Yorkshire.
- d. Hampshire.
- e. Berkshire.
- f. Duroc.
- g. Tamworth.
- h. Landrace.
- i. Hereford.
- j. Spotted Swine.

2. Non-Purebred Females 2/

OPTION B (to be specified by purchaser):

AGE 3/

- 1. Unbred female - 8 weeks - 8 months. 4/
- 2. Bred female - 7 - 14 months.

General Requirements:

A. Health. (See Appendix I)

B. Minimum USDA Grade - U.S. No. 2.^{5/}

C. Eligible females must be out of a litter of at least seven pigs.[/] Also, they must have at least six functional teats on each side of the underline with no inverted nipples.^{5/}

D. Statement of Service or Other Requirements.

Registered bred females must have been bred to a registered boar of the same breed and non-purebred females must have been bred to a duly certified boar of a hybrid or new breed group. All bred females shall have missed at least one heat period since last service and be not more than three months pregnant at time of departure from point of exits.^{3/}

EXHIBIT II TO SUPPLEMENT III

USDA Approved Breeding Swine Export Specifications - Boars, Option A (to be specified by purchaser):

1. Registered Boars^{1/}

BREED

- (a) Poland China.
- (b) Chester White.
- (c) Yorkshire.
- (d) Hampshire.
- (e) Berkshire.
- (f) Duroc.
- (g) Tamworth.
- (h) Landrace.

(i) Hereford.

(j) Spotted Swine.

2. Non-Purebred Boars ^{2/}

Option B (to be specified by purchaser)

AGE ^{3/}

1. Boar pigs - 8 - 16 weeks ^{7/}

2. Boars - 4-8 months.

3. Boars - 8-12 months.

General Requirements:

A. Health. (See Appendix I).

B. Minimum USDA grade - U.S. No. 1. ^{5/}

C. Eligible boars must be from a litter of at least seven pigs. ^{3/}

APPENDIX I TO EXHIBITS I AND II

HEALTH REQUIREMENTS ^{8/}

Swine financed for export under the CCC Export Credit Sales Program shall be certified by the appropriate USDA inspectors as follows:

1. U.S. is free of foot-and-mouth disease, African swine fever, Teschen disease and vesicular exanthema.

2. The swine originate from a free area ^{9/} where hog cholera is not known to exist according to Title 9, Part 76 of U.S. Department of Agriculture regulations.

3. Animals have been inspected and found sound (including freedom from blindness, structural defects, etc.), free of evidence of communicable

disease and exposure thereto, and free of mites, lice, and ticks or freed from the same.

Export inspection and certification requirements of the U.S. Department of Agriculture must be met.

APPENDIX II TO EXHIBITS I AND II

SPECIFICATIONS FOR OFFICIAL UNITED STATES
STANDARDS FOR GRADES OF FEEDER PIGS:

U.S. NO. 1

Feeder pigs in this grade near the borderline of the U.S. No. 2 grade are long and have thick muscling throughout. Thickness of muscling is particularly evident in thick and full hams and shoulders. The hams and shoulders are thicker than the back, which is well-rounded. They usually present a well-balanced appearance.

U.S. NO. 2

Feeder pigs in this grade near the borderline of the U.S. No. 3 grade are moderately long and have moderately thick muscling throughout. Thickness of muscling is particularly evident in moderately thick and full hams and shoulders. The back usually appears slightly full and well-rounded. They usually present a well-balanced appearance.

F. FOOTNOTES TO SUPPLEMENT III

- 1/ All animals for delivery under these specifications must be certified by AMS agent as officially registered with the appropriate national breed association.
- 2/ All animals for delivery under these specifications must be certified by the producer as produced in herds where the parents and maternal and paternal grandparents are recorded on an appropriate certificate by the producer.

- 3/ Certification by breeder.
- 4/ Female pigs in this class must weigh at least 40 pounds. Certification furnished by Livestock, Poultry, Grain and Seed Division, AMS, USDA.
- 5/ Certification furnished by Livestock, Poultry, Grain and Seed Division, AMS, USDA, grade to be based on the official U.S. standards for grades of feeder pigs (See Appendix II).
- 6/ Certification by Livestock, Poultry, Grain and Seed Division, AMS, USDA.
- 7/ Boar pigs must weigh at least 40 pounds. Certification furnished by Livestock, Poultry, Grain and Seed Division, AMS, USDA.
- 8/ Certification or endorsement furnished by Veterinary Services, Animal and Plant Health Inspection Service, USDA.
- 9/ Free area means a radius of five miles within which no cholera has occurred within 3 months.